



Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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HUNTINGTON TOWNSHIP
BROWN COUNTY

REGULAR AUDIT

For the Years Ended December 31, 2012 and 2011
Fiscal Years Audited Under GAGAS: 2012 and 2011



Dave Yost • Auditor of State

Board of Trustees
Huntington Township
PO Box 466
Aberdeen, Ohio 45101

We have reviewed the *Independent Auditor's Report* of Huntington Township, Brown County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2011 through December 31, 2012. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

Finding for Recovery Repaid Under Audit

Ohio Rev. Code Section 2921.41(A) and (B) prohibit committing any theft offense when the offender uses the offender's office in the aid of committing the offense and the property or service involved is owned by the state, any other state, the United States, a county, a municipal corporation, a township, or any political subdivision, department, or agency of any of them, is owned by a political party, or is part of a political campaign fund. Whoever violates this section is guilty of theft in office.

During the audit period, Judith Harover endorsed two checks issued to Huntington Township for emergency medical services and received cash that were not deposited with the Township. The checks were issued from Medical Mutual for \$588.41 and Liberty Mutual for \$645.35 for emergency medical service runs provided by the township. According to the back of both checks, they were cashed on April 24, 2012 with Judith Harover's signature.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies collected but unaccounted for is hereby issued against Judith Harover, former fiscal officer in the amount of \$1,233, and in favor of Huntington Township's Life Squad Fund.

On November 21, 2013, Judy Harover pled guilty to attempted theft in office and made restitution as part of a criminal conviction. On November 23, 2013 Huntington Township received restitution in the amount of \$1,233.76 as repayment for this finding for recovery and it was deposited and repaid to the Huntington Township's Life Squad Fund.

Board of Trustees
Huntington Township
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Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Huntington Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State

December 13, 2013

Huntington Township
Brown County, Ohio
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For the Fiscal Years Ended December 31, 2012 and 2011

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Independent Auditor's Report

Huntington Township
Brown County
PO Box 466.
Aberdeen, Ohio 45101

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Huntington Township, Brown County, (the Township), as of and for the years ended December 31, 2012 and 2011.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fair presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03, which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2012 and 2011, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Huntington Township, Brown County, as of December 31, 2012 and 2011, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits, described in Note 1.

Emphasis of Matter

As described in Note 8 to the financial statements, during 2011, the Township adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 9, 2013, on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standard* in considering the Township's internal control over financial reporting and compliance.

Balestra, Harr & Scherer, CPAs

Balestra, Harr & Scherer, CPAs, Inc.
Piketon, Ohio
July 9, 2013

**HUNTINGTON TOWNSHIP
BROWN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	
Cash Receipts:				
Property Taxes	\$ 43,687	\$ 142,772	\$ -	\$ 186,459
Intergovernmental	20,150	169,863	-	190,013
Charges for Services	-	63,575	-	63,575
Licenses, Permits, and Fees	-	6,800	-	6,800
Earnings on Investments	136	476	18	630
Miscellaneous	290	11,522	-	11,812
	<u>64,263</u>	<u>395,008</u>	<u>18</u>	<u>459,289</u>
Cash Disbursements:				
Current:				
General Government	68,432	-	-	68,432
Public Safety	-	192,533	-	192,533
Public Works	186	168,868	-	169,054
Health	-	11,319	-	11,319
Capital Outlay	-	18,480	-	18,480
	<u>68,618</u>	<u>391,200</u>	<u>-</u>	<u>459,818</u>
Total Cash Receipts Over/(Under) Cash Disbursements	(4,355)	3,808	18	(529)
<i>Fund Cash Balances, January 1</i>	<u>7,639</u>	<u>347,914</u>	<u>2,256</u>	<u>357,809</u>
Fund Cash Balances, December 31				
Nonspendable	-	0	2,000	2,000
Restricted	-	351,722	274	351,996
Unassigned (Deficit)	3,284	0	-	3,284
<i>Fund Cash Balances, December 31</i>	<u>\$ 3,284</u>	<u>\$ 351,722</u>	<u>\$ 2,274</u>	<u>\$ 357,280</u>

The notes to the financial statements are an integral part of this statement.

**HUNTINGTON TOWNSHIP
BROWN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	
Cash Receipts:				
Property Taxes	\$ 43,651	\$ 134,495	\$ -	\$ 178,146
Intergovernmental	25,303	176,892	-	202,195
Charges for Services	-	71,974	-	71,974
Fines, Licenses, and Permits	-	3,600	-	3,600
Earnings on Investments	239	152	48	439
Miscellaneous	299	4,694	-	4,993
	<u>69,492</u>	<u>391,807</u>	<u>48</u>	<u>461,347</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	73,560	-	-	73,560
Public Safety	-	231,693	-	231,693
Public Works	158	60,952	-	61,110
Health	-	9,388	9	9,397
Capital Outlay	-	53,717	-	53,717
Debt Service:				
Redemption of Principal	-	13,277	-	13,277
Interest and Fiscal Charges	-	218	-	218
	<u>73,718</u>	<u>369,245</u>	<u>9</u>	<u>442,972</u>
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Cash Disbursements	(4,226)	22,562	39	18,375
<i>Fund Cash Balances, January 1</i>	<u>11,865</u>	<u>325,352</u>	<u>2,217</u>	<u>339,434</u>
Fund Cash Balances, December 31				
Nonspendable	-	0	2,000	2,000
Restricted	-	347,914	256	348,170
Unassigned (Deficit)	7,639	0	-	7,639
	<u>7,639</u>	<u>347,914</u>	<u>2,256</u>	<u>357,809</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 7,639</u>	<u>\$ 347,914</u>	<u>\$ 2,256</u>	<u>\$ 357,809</u>

The notes to the financial statements are an integral part of this statement.

Huntington Township
Brown County, Ohio
Notes to the Financial Statements
For the Years Ended December 31, 2012 and 2011

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Huntington Township, Brown County (the Township), as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides general governmental services, road and bridge maintenance, cemetery maintenance, fire protection, and emergency medical services.

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio Townships. Note 7 to the financial statements provides additional information for this entity.

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Cash and Deposits

The Township deposits all available funds in an interest earning checking account and certificates of deposit at a local commercial bank.

D. Fund Accounting

The Township uses fund accounting to segregate cash that is restricted as to use. The Township classifies its funds into the following types:

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

Gasoline Tax Fund – This fund receives gasoline tax money to pay for constructing, maintaining, and repairing Township roads.

Motor Vehicle License Tax Fund – This fund receives motor vehicle license tax money to construct, maintain, and repair Township roads.

Huntington Township
Brown County, Ohio
Notes to the Financial Statements
For the Years Ended December 31, 2012 and 2011
(Continued)

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

Cemetery Fund – This fund receives property tax money, fees for the opening and closing of graves, and sale of lots for maintaining the cemeteries.

Fire Fund & EMS Levy Fund – This fund receives property tax money and grants for fire protection and emergency medical services of Township residents.

Life Squad Fund – This fund receives charges for services for emergency medical services.

Federal Emergency Management Agency Grant Fund – This fund receives grant monies to assist in repair from severe storm and flooding damage in 2011.

3. Permanent Funds

These funds account for assets held under a trust agreement that are legally restricted to the extent that only earnings, not principal, are available to support the Township's programs. The Township had the following permanent funds:

Seeks Trust Fund and Brookover Trust Fund - These funds receive interest earned on the nonexpendable corpus from trust agreements. The earnings are used for the general maintenance and upkeep of the township's cemetery.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end were canceled, and reappropriated in the subsequent year.

A summary of 2012 and 2011 budgetary activity appears in Note 3.

Huntington Township
Brown County, Ohio
Notes to the Financial Statements
For the Years Ended December 31, 2012 and 2011
(Continued)

1. Summary of Significant Accounting Policies (Continued)

F. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The Township classifies assets as nonspendable when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

Trustees can commit amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. Governmental funds other than the general fund report all fund balances as assigned unless they are restricted or committed. In the general fund, assigned amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. Property, Plant, and Equipment

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Huntington Township
Brown County, Ohio
Notes to the Financial Statements
For the Years Ended December 31, 2012 and 2011
(Continued)

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Township maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31 was as follows:

	2012	2011
Demand Deposits	\$ 342,928	\$ 343,457
Certificates of Deposit	14,352	14,352
Total Deposits	\$ 357,280	\$ 357,809

Deposits: Deposits are either insured by the Federal Deposit Insurance Corporation or collateralized by securities specifically pledged by the financial institution for its public deposits.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2012 and 2011 follows:

2012 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 64,233	\$ 64,263	\$ 30
Special Revenue	393,775	395,008	1,233
Permanent	22	18	(4)
Total	\$ 458,030	\$ 459,289	\$ 1,259

2012 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 70,664	\$ 68,618	\$ 2,046
Special Revenue	683,681	391,200	292,481
Permanent	278	-	278
Total	\$ 754,623	\$ 459,818	\$ 294,805

2011 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 72,000	\$ 69,492	\$ (2,508)
Special Revenue	391,807	391,807	0
Permanent	47	48	1
Total	\$ 463,854	\$ 461,347	\$ (2,507)

Huntington Township
Brown County, Ohio
Notes to the Financial Statements
For the Years Ended December 31, 2012 and 2011
(Continued)

3. BUDGETARY ACTIVITY (Continued)

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 83,867	\$ 73,718	\$ 10,149
Special Revenue	663,582	369,245	\$ 294,337
Permanent	239	9	\$ 230
Total	\$ 747,688	\$ 442,972	\$ 304,716

4. DEBT

The Fire House Improvement Note was issued in 2001 to finance the improvement of the fire house. The loan is collateralized by 1.8975 acres of real estate plus improvements located in Huntington Township. The tractor installment purchase was entered into in 2008. Both of these loans were paid off in 2011.

5. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Township.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

6. RETIREMENT SYSTEM

The Township's elected officials and employees belong to the Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

The Ohio Revised Code also prescribes contribution rates. For 2012 and 2011, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2012.

Huntington Township
Brown County, Ohio
Notes to the Financial Statements
For the Years Ended December 31, 2012 and 2011
(Continued)

7. RISK MANAGEMENT

Risk Pool Membership

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2012, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2012 and 2011:

	2012	2011
Assets	\$34,771,270	\$35,086,165
Liabilities	(9,355,082)	(9,718,792)
Net Position	\$25,416,188	\$25,367,373

At December 31, 2012 and 2011, respectively, the liabilities above include approximately \$8.7 and \$9.1 million of estimated incurred claims payable. The assets above also include approximately \$7.9 and \$8.6 million of unpaid claims to be billed to approximately 944 member governments in the future, as of December 31, 2012 and 2011, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2012, the Township's share of these unpaid claims collectible in future years is approximately \$2,700.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

Huntington Township
Brown County, Ohio
Notes to the Financial Statements
For the Years Ended December 31, 2012 and 2011
(Continued)

7. **RISK MANAGEMENT (Continued)**

Contributions to OTARMA	
2012	\$4,593
2011	\$4,610
2010	\$3,902

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

8. **FUND BALANCES**

The Township implemented Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Township is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on the fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	Special Revenue Funds	Permanent Funds	Total Governmental Funds
12/31/2011				
Nonspendable				
Cemetery	\$0	\$0	\$2,000	\$2,000
 Restricted for				
Motor Vehicle & License	\$0	\$17,995	\$0	\$17,995
Gas Tax	0	60,849	0	\$60,849
Cemetery Maintenance	0	12,953	256	\$13,209
Fire	0	141,948	0	\$141,948
EMS	0	75,859	0	\$75,859
FEMA	0	38,310	0	\$38,310
Total Restricted	<u>0</u>	<u>347,914</u>	<u>256</u>	<u>348,170</u>
Unassigned (Deficit)	<u>7,639</u>	<u>0</u>	<u>0</u>	<u>7,639</u>
Total Fund Balances	<u>\$7,639</u>	<u>\$347,914</u>	<u>\$2,256</u>	<u>\$357,809</u>
 12/31/2012				
Nonspendable				
Cemetery	\$0	\$0	\$2,000	\$2,000
 Restricted for				
Motor Vehicle & License	\$0	\$14,936	\$0	\$14,936
Gas Tax	0	61,031	0	\$61,031
Cemetery Maintenance	0	15,728	274	\$16,002
Fire	0	186,117	0	\$186,117
EMS	0	70,240	0	\$70,240
FEMA	0	3,670	0	\$3,670
Total Restricted	<u>0</u>	<u>351,722</u>	<u>274</u>	<u>351,996</u>
Unassigned (Deficit)	<u>3,284</u>	<u>0</u>	<u>0</u>	<u>3,284</u>
Total Fund Balances	<u>\$3,284</u>	<u>\$351,722</u>	<u>\$2,274</u>	<u>\$357,280</u>



Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

Huntington Township
Brown County
PO Box 466
Aberdeen, Ohio 45101

To the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Huntington Township, Brown County, (the Township) as of and for the years ended December 31, 2012 and 2011 and the related notes to the financial statements, and have issued our report thereon dated July 9, 2013, wherein we noted the Township followed accounting and financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03, described in Note 1 and implemented Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. We consider findings 2012-001 through 2012-003 described in the accompanying schedule of findings and questioned costs to be material weaknesses.

A significant deficiency is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2012-004 and 2012-005 described in the accompanying schedule of findings and questioned costs to be significant deficiencies.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit, and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control testing and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Balestra, Harr & Scherer, CPAs

Balestra, Harr & Scherer, CPAs, Inc.
Piketon, Ohio
July 9, 2013

**HUNTINGTON TOWNSHIP
BROWN COUNTY
DECEMBER 31, 2012 AND 2011
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2012-001

Material Weakness/Questioned Costs- Internal Controls over Charges for Services

In 2012, two checks that the township received were never deposited into the township's bank account nor were they recorded in the township's accounting system. The following checks were received but not deposited or recorded by the Township:

- Check number 24695171 dated 4/2/12 from Liberty Mutual in the amount of \$645.35
- Check number 6366881 dated 4/2/12 from Medical Mutual in the amount of \$588.41

These checks were signed by the fiscal officer and cleared the bank based on information from the vendors.

The aforementioned errors were the result of a lack or failure of controls over the receipt of Life Squad fund revenues.

We recommend the Township implement application and monitoring controls to ensure that all receipts are accurately and completely stated, and to reasonably prevent misuse of funds.

Client Response: Client chose not to respond to this finding.

FINDING NUMBER 2012-002

Material Weakness- Financial Reporting

Sound financial reporting is the responsibility of the fiscal officer and Board of Trustees and is essential to ensure information provided to the readers of the financial statements is complete and accurate.

Material and immaterial misstatements were identified during the course of the audit which have not been prevented or detected by the Township's internal controls over financial reporting. Misstatements were identified in the following areas:

- Property Tax revenues,
- Intergovernmental revenues,
- Miscellaneous Revenues
- Other Financing Uses
- Fund Balance Classifications

All of the above noted adjustments have been posted to the financial statements. Adjustments to the Township's accounting system were not necessary.

To ensure the Township's financial statements and notes to the financial statements are complete and accurate, we recommend the Fiscal Officer review the Ohio Township Manual for guidance on the correct line item to post various receipts and expenditures of the Township.

Client Response: Client chose not to respond to this finding.

**HUNTINGTON TOWNSHIP
BROWN COUNTY
DECEMBER 31, 2012 AND 2011
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

FINDING NUMBER 2012-003

Material Weakness- Segregation of Duties

Adequate internal controls include segregation of duties among those who receive cash, enter information into the system and deposit cash.

It was noted that the Fiscal Officer is able to accept receipts, enter information into the system, and then prepare the deposit slip and deliver the deposits to the bank without any oversight.

We recommend that the same person that that receives cash cannot also enter information into the system and deposit cash at the end of the day or that the Township implement review and approval procedures for all activities of the Township.

Client Response: Client chose not to respond to this finding.

FINDING NUMBER 2012-004

Significant Deficiency- Internal Controls over Journal Entries/ System Adjustments

Fund balance adjustments were made with no supervision or approval by the Board.

Failure to obtain supervisory approval and reconcile adjustments posted to those authorized could result in errors or irregularities going undetected for an extended period of time.

The Township should establish procedures for requesting, posting and approving fund balance adjustments. Documentation should be maintained that explains the reason for the adjustment and reflects supervisory approval prior to posting the adjustment to UAN. Periodically, an individual independent of the adjustment process should reconcile authorized adjustments to those posted to UAN to verify only authorized adjustments were posted to the system.

Client Response: Client chose not to respond to this finding.

FINDING NUMBER 2012-005

Significant Deficiency- Duplicate Receipt Books

It was noted that duplicate receipts were not always being used for sale of cemetery lots and did not appear to be used at all for cemetery donations.

The aforementioned errors were the result of a lack or failure of controls over the receipt of cemetery fund revenues.

The Township should implement application and monitoring controls to ensure that fees charged are consistent with the fee schedule approved by the Board and to ensure that receipts are accurately and completely stated and documented in the deed book, duplicate receipts and accounting system.

Client Response: Client chose not to respond to this finding.

**HUNTINGTON TOWNSHIP
BROWN COUNTY
DECEMBER 31, 2012 AND 2011**

SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2010-001	ORC Section 5705.36 (A) – appropriations exceeding available resources	Yes	
2010-002	Material Weakness – improper reporting	No	Reissued as 2012-002

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Dave Yost • Auditor of State

HUNTINGTON TOWNSHIP

BROWN COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 26, 2013**